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United States Senate

COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS
WASHINGTON, DC 20510-6250

CHRISTOPHER R. HIXON, STAFF DIRECTOR
MARGARET E. DAUM, MINORITY STAFF DIRECTOR

November 14, 2017

President Donald Trump
The White House
Washington, DC 20500

Dear President Trump:

We write to urge you to take swift action to nominate qualified individuals to the Governor vacancies on the U.S. Postal Service Board of Governors. While we appreciate the recent nomination of three individuals, and look forward to considering their nominations swiftly, the Board still lacks a quorum of four Governors even if these individuals are confirmed. Without a quorum, the Postal Service cannot make key operational decisions or provide accountability for operational deficiencies, such as intentional mail delays, drug trafficking through the Postal Service's network, and dramatically falling mail volumes and revenue.

Established in 1970, the Board is composed of eleven positions—nine Governors, and the Postmaster General and the Deputy Postmaster General, who are appointed by the Board.¹ The Postal Service considers the Board “comparable to a board of directors of a publicly held corporation,” providing enterprise-wide operational and financial accountability.² The Board has the sole authority to appoint, remove and determine the salary and term of the Postmaster General.³

According to federal law, Governors should be chosen based on their experience in public service, law or accounting, or on their demonstrated ability to manage large organizations or corporations.⁴ Further, at least four of the nine Governors should have experience leading a large private or public organization that employs at least 50,000 employees.⁵

The Board has not had a quorum to meet since December 2014,⁶ and has not had any Governors since December 8, 2016.⁷ The absence of any Governors prevents the Postal Service

¹ Postal Reorganization Act of 1970, Pub. L. No. 91-375 § 2, Postal Service, 84 Stat. 720 (current version at 39 U.S.C. § 202 (2012)).

² *About the Board of Governors*, United States Postal Service, <https://about.usps.com/who-we-are/leadership/board-governors.htm> (last visited Oct. 25, 2017).

³ 39 U.S.C. § 202(d).

⁴ *Id.* at § 202(a)(1).

⁵ *Id.*

⁶ In order to reach quorum to conduct official business, the Board must generally have at least six members of the Board present. Governance of the U.S. Postal Service, *supra* note 3 at 5.

⁷ Governance of the U.S. Postal Service, *supra* note 3 at 11.

from selecting a certified public accounting firm to certify the accuracy of its financial statements, filing a request with the Postal Regulatory Commission for adjustment of postal rates on an expedited basis, changing the lists of market dominant and competitive products, establishing of rates and classes of competitive products, and removing or appointing a Postmaster General and Postal Service Inspector General.⁸ Without new nominees, an incomplete Board will continue to present operational and financial risks to the Postal Service.

The Postal Service is facing significant operational and financial challenges that require attention and action by a Board of Governors. According to the USPS Office of Inspector General (OIG), the Postal Service has failed to address recommendations from 97 audit reports, with a potential monetary impact of \$1.8 billion. The USPS OIG has also highlighted misreported mail delays,⁹ and employee trafficking of illicit drugs.¹⁰ Postal Service shortcomings are likely to disproportionately affect rural Americans who are more reliant on post offices.¹¹ Financially, the Postal Service lost \$1.3 billion and experienced a 4.1 percent loss in First-Class mail—the most profitable class of mail—in the first half of 2017.¹²

Without a Board, Postal Service management has stopped pursuing operational changes to match falling volumes,¹³ instead opting to default on payments for Postal Service employee benefits to stockpile cash.¹⁴ On September 27, 2017, after months of warnings, Postmaster General Megan Brennan informed the Office of Personnel Management that the Postal Service would not make payments for retiree benefits totaling \$6.9 billion.¹⁵

We encourage your prioritized nomination of at least one more qualified individual, in addition to the individuals that were just nominated to fill the vacancies of the Postal Service Board of Governors. As the only Senate-confirmed leaders of the Postal Service, Governors are vital to holding Postal Service management accountable for decisions that affect Postal Service customers, employees, and the American taxpayers. We need a fully functioning Board to

⁸ *Id.* at 9–11

⁹ Office of Inspector General, United States Postal Service, Report No. NO-AR-17-011, *Delayed Mail Validation I–2* (2017), available at

<https://www.uspsoig.gov/sites/default/files/document-library-files/2017/NO-AR-17-011.pdf>.

¹⁰ *Illicit Drugs in International Mail Before the Subcomm. on Gov't Operations of the H. Comm. on Oversight & Gov't Reform*, 115th Cong. 1 (2017) (statement of Tammy Whitcomb, Acting Inspector General, United States Postal Service), available at https://oversight.house.gov/wp-content/uploads/2017/09/Whitcomb_USPS-OIG_09072017-1.pdf

¹¹ U.S. Gov't Accountability Office, GAO-16-811, *U.S. Postal Service: Information on How Broadband Affects Postal Use and the Communications Options for Rural Residents 20* (2016), available at <http://www.gao.gov/assets/680/679677.pdf>

¹² 3 U.S. Postal Regulatory Comm'n Q. R., 19, 23 (2017), available at <http://about.usps.com/who-we-are/financials/financial-conditions-results-reports/fy2017-q3.pdf>.

¹³ U.S. Gov't Accountability Office, GAO-17-404T, *U.S. Postal Service: Key Considerations for Restoring Fiscal Sustainability 14* (2017), available at <http://www.gao.gov/assets/690/682534.pdf>.

¹⁴ U.S. Postal Regulatory Comm'n Ann. R. 33 (2016) (“Our cash balances have increased by approximately \$6 billion from the reported low in 2012. This improvement would not have occurred had the Postal Service not defaulted on the annual [Postal Service Retiree Health Benefits Fund] prefunding payments in 2012 and subsequent years.”), available at <http://about.usps.com/who-we-are/financials/10k-reports/fy2016.pdf>.

¹⁵ Letter from Megan J. Brennan, Postmaster General, to Kathleen McGettigan, Acting Director of OPM (Sept. 27, 2017) (on file with Committee).

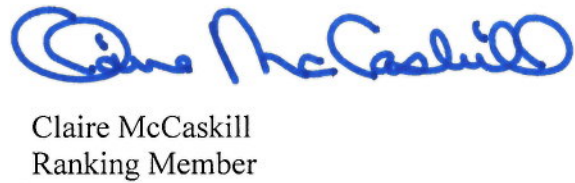
ensure that efficient and effective postal services are available to all Americans and that future taxpayers are not left with billions of dollars of Postal Service liabilities.

Thank you for your attention to this important matter.

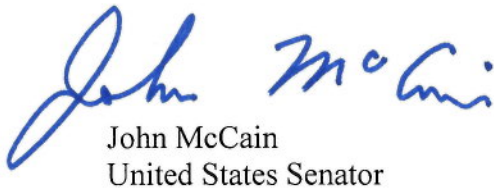
Sincerely,



Ron Johnson
Chairman



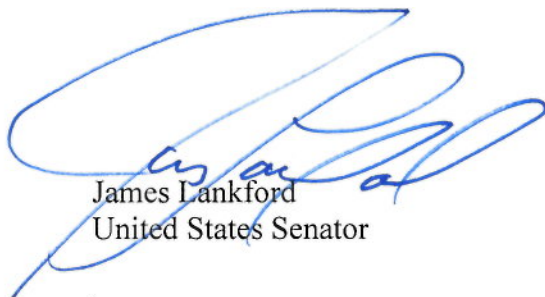
Claire McCaskill
Ranking Member



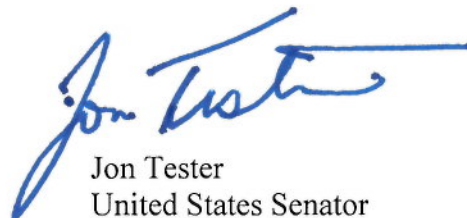
John McCain
United States Senator



Tom Carper
United States Senator



James Lankford
United States Senator



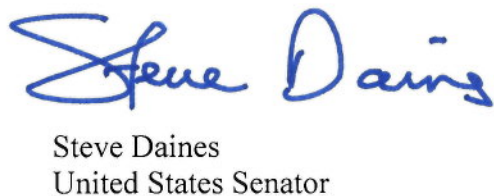
Jon Tester
United States Senator



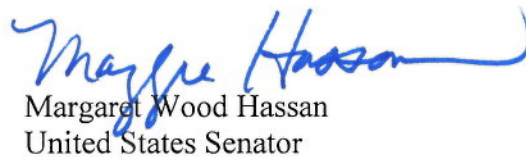
Michael B. Enzi
United States Senator



Heidi Heitkamp
United States Senator



Steve Daines
United States Senator



Margaret Wood Hassan
United States Senator